GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

APIIC – Allocation of necessary funds for the infrastructure commitment for M/s.Kia Motors Corporation (KMC) and to clear backlog incentives from Rs.2,000 Crores borrowed by APIIC for Land Acquisition Purpose – Permission to APIIC – Accorded - Orders - Issued.

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INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.MS.No. 125 Dated: 14-09-2017

Read the following:

1. G.O.Ms.No.56, Ind & Com (P&I) Dept, dt.26.04.2017.
2. G.O.Ms.No.83, Ind & Com (Infra) Dept, dt.06.06.2017
3. Govt Lr.No.196510/2017/A1-INFRA-INDS, dt.17.07.2017 addressed to the VC&MD, APIIC Ltd., Vijayawada.
4. From the VC & MD, APIIC Ltd., Vijayawada Single File No.APIIC/FW/BANKLOANUTILISATION/2017-18 & Lr.dt.31.07.2017.

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ORDER:

In the reference 1st read above, orders were issued extending the various incentives and infrastructure support to M/s.Kia Motors Corporation (KMC) for establishment of a manufacturing unit at Erramanchi (V), Penukonda (M), Ananthapuramu District based on the recommendations of SIPB in its meeting held on 21.04.2017.

2. In the reference 2nd read above, orders were issued granting Government guarantee on the request of APIIC for the principle amount of Rs.2,000 Crores and interest accrued thereon including moratorium period separately in favour of Bank of India, Canara Bank & Union Bank of India. The said orders were issued with the concurrence of Finance (PMU-Rev-I&C) Dept., and after placing the matter before the Council of Ministers which accorded its approval.

3. In the reference 3rd above, the APIIC was requested to send necessary proposal to Government for meeting the expenditure of (i) infrastructure commitment for M/s.Kia Motors Corporation and (ii) to clear the backlog industrial incentives to a tune of Rs.495.41 Crore from out of the loan amount of Rs.2,000 Crores borrowed by APIIC, from Bank of India, Canara Bank & Union Bank of India for land acquisition, subject to reimbursement.

4. In the reference 4th above, the VC & MD, APIIC Ltd., has submitted that APIIC has informed that the bankers have sanctioned the loan amounting to Rs.2,000.00 Crores and the Government have arranged for the guarantee towards principal amount and interest thereon vide G.O.2nd read above. The above loan amount of Rs. 2,000 Crores was sanctioned for the purpose of land acquisition. It was further informed that the loan was sanctioned specifically for the purpose of land acquisition, the funds are immediately required for payment of land compensation to the awardees relating to VCIC at Visakhapatnam SEZ and Atchutapuram, where the process was completed. Accordingly the VC&MD, APIIC Ltd., has requested the Government for according permission to incur the amount for concession on land cost and for infrastructure facilities to a tune of Rs.450.29 Crores and to clear the backlog incentives from out of the Government guarantee amount of Rs.2,000 Crores.

5. As ordered in the reference 1st read above, certain infrastructure and utilities shall be provided at the cost of Government as per the preliminary tentative line estimates and directed the concerned line Departments to prepare detailed estimates and seek approval of relevant competent authorities. As such permission to be accorded to APIIC to incur the amount for concession on land cost and for infrastructure facilities to a tune of Rs.450.29 Crores (48.38 + 401.91 out of the total expenditure of Rs.615.32 Crores) from out of the Government guarantee amount of Rs.2,000 Crores. Earlier council of Ministers approved this loan amount,

(P.T.O.)

for the purpose of land acquisition to important industrial corridors. The project is of strategic importance to the State and it is the first Ultra Mega Integrated Automobile Project in the Backward Area. A large Korean Auto Major proposes to set-up their car manufacturing facility in Erramanchi, and Gudipalli Villages, Ananthapuramu District, A.P. with an investment of USD 1.6 Billion, which include eligible fixed assets of USD 1.0 Billion and an investment of USD 500 Million by vendors and associates over a period of 7 years with a total investment of USD 2.0 Billion. KMC, together with the Associates and vendors, is likely to create permanent employment to 4000 people and temporary employment to 7000 people. This facility will produce 3,00,000 Cars per annum. In order to adhere to the timelines already agreed in the MoU and the related G.O for providing the infrastructure to M/s.Kia Motors Corporation, it is proposed to meet the required funds from the loan of APIIC, subject to reimbursement.

6. Government, after careful examination of the matter hereby permit the APIIC to incur the amount for concession on land cost and for infrastructure facilities to a tune of Rs.450.29 Crores (includes the amount of Rs.28.83 Crores towards Seignorage charges) in respect of M/s.Kia Motors Corporation (KMC) and also to clear the backlog incentives from out of the Government guarantee amount of Rs.2,000 Crores.

7. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Vijayawada shall take further necessary action in the matter accordingly.

8. This G.O. issue with the concurrence of Finance (FMU-Rev-I&C) Department vide their U.O.No.45027/301/2017- SO (FMU-REV.I), dt.13.08.2017.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director,
A.P. Industrial Infrastructure Corporation Ltd.,
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Teacher's Colony, Vijayawada-520008.

Copy to:

The Commissioner of Industries, 1st Floor, Government Regional Printing Press Buildings, Mutyalampadu, Vijayawada – 520 011.
The G.A. (Cabinet) Department, A.P. Secretariat, Velagapudi. (with reference to U.O.No.350/2017, dt.13.09.2017.)
The P.S. to Principal Secretary to C.M. (GSP), A.P. Secretariat, Velagapudi.
The P.S.to Secretary to Government & CIP, Ind & Com Department.
SF/SC.

//FORWARDED : : BY ORDER//

SECTION OFFICER